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DSN's 2nd Annual Study Of Top Brands: Pp. 15-78

0007122 DEC84DS
CONGRESSIONAL SOURCE INFO
4520 EAST/WEST HIGHWAY FG
BETHESDA MD 20814

Discount Store News®
THE NEWSPAPER OF DISCOUNT RETAILING

$2 per copy

VOL. 23, NO. 22 | Published Biweekly, Every Other Monday, Monthly in December, by Lebhar-Friedman Inc. | NOVEMBER 12, 1984

Home Centers of America founder Frank Denny (left) and K mart chairman Bernard M. Fauber (right) lend support to Abner S. Ganet (center), Mayor of Elmhurst, Ill., at debut of Builders Square.

K mart Unwraps

BUILDERS SQUARE℠
HOME IMPROVEMENT WAREHOUSE

NILES, Ill. — K mart's Builders Square warehouse operation, which was unveiled here last month, will grow to 100 units in the next two years, making it the dominant player in home center retailing.

The 90,000-sq.-ft. Niles unit reflects the buying and merchandising concepts of K mart's latest acquisition, Home Centers of America (HCOA), which has nine warehouses based in San Antonio. Builders Square will follow in the K mart tradition of offering the guaranteed lowest price in town, but that's where the similarities end.

"K mart home center departments do not begin to scratch the surface of Builders Square selection," said Frederick M. Stevens, executive vice president, specialty retailing for K mart.

The giant discounter, with expected corporate sales of $21 bil-

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Service Mdse. Quickly Expands, Renames Home Center Chain

By ARTHUR MARKOWITZ

NASHVILLE — Diversified cataloger Service Merchandise is making moves in three different areas:

- It will unveil a new name—Mr. HOW Warehouse—for its fast-growing Margate, Fla.-based warehouse home center chain to replace the original HomeOwners Warehouse logo. Four warehouse stores opening this month will be the first to get the new name, with another five due in December.
- It will test the catalog industry's first drive-up window in two showrooms opening this month.
- At presstime it was due to select an outside advertising agency to develop a new ad program for 1985 for its showroom chain as the successor to the Founders' 50th Anniversary promotion currently under way, which was produced in-house.

The drive-up window—similar to the system in use at fast-food restaurants—will be tested in showrooms in the Burbank, Ill., suburb of Chicago and the Hickory Hollow area of Nashville.

The two units are among eight showrooms opening this month—the last of the year—that will boost the chain's count to 177. All told, the cataloger was due to unveil 20 showrooms this year.

The new Mr. HOW Warehouse logo will be used for the first time on home centers opening this month in Columbus and its suburb of Reynoldsburg, Ohio; Langhorne, Pa., and Turnersville, N.J.

Mr. HOW WAREHOUSE

Service Merchandise will unveil this logo for its home center chain.

Three home centers with the original HomeOwners Warehouse logo will get the new name early next year, according to a home center chain executive.

Five home centers are scheduled to open next month, giving the company 13 such stores; locations for another 12 have already been targeted to open by next summer, with more units due in the fall.

The projected 25 Mr. HOW Warehouse units to be operated by the summer of 1985 confirms the cataloger's planned fast-track growth for this operation, that will make it the third-largest warehouse home center chain (after K mart's planned 50-unit Builders Square arm and 37 stores forecast for The Home Depot, which pioneered this retailing concept).

As for the advertising effort, a number of major agencies have made presentations to Service Merchandise. The cataloger is interested in a program that will counter any leveling off in the number of consumers that shop its showrooms as well as the number of times they do so. The cataloger's own efforts this year to boost traffic include the Founders' 50th Anniversary promotion and a corner coupon in last month's 20-page flier in which the sale price in each triangular-shaped coupon on the corner of successive pages was valid just for a specific week.

Looking to 1985, the catalog-

(Continued on page 89)

IN BRIEF

- **DAYTON HUDSON WILL SPEND $3.2 BILLION FOR NEW** stores over the next five years, with 90% of the monies going to expand Target and Mervyn's by a total of 300 new stores.
- **TSS-SEEDMAN'S WILL INVADE NEW JERSEY FOR THE** first time by opening in ex-Two Guys stores in North Bergen (150,000 sq. ft.) and Kearny (140,000 sq. ft.).
- **J. W. MAYS' MAIN STOCKHOLDERS HAVE PURCHASED** about 6% more stock in the company to boost their holdings to over 50% to prevent outside investors—realtor Sol Goldman and J.J.J. Financial Associates—from trying to take control of the New York City discounter.

Digest

Nov. 12, 1984

TOP BRANDS

- *DSN*'s second annual Top Brands Study (pp. 15-78) finds discounters across the nation continuing to add name brand goods at a strong rate. The 16 key departments analyzed are automotive (p. 31); children's apparel (p. 59); consumer electronics (p. 46); cosmetics (p. 22); domestics (p. 76); food, candy, snacks (p. 63); hardware (p. 67); H&BA (p. 19); housewares (p. 25); ladies' apparel (p. 53); men's apparel (p. 56); personal care (p. 29); photo (p. 42); sporting goods (p. 69); stationery (p. 72), and toys (p. 39).

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Name-Brand Muscle Grows at Discounters

Nationwide DSN Report

Name-brand merchandise is clearly increasing its power at America's discounters.

National label assortments increased in 15 out of 16 key departments studied at discounters this year.

Moreover, an overwhelming 70% of discount store managers nationwide agreed that national brands will contribute more to store sales growth than private label or store brands.

These results are contained in *Discount Store News*' second annual Top Brands Study, which was compiled for *DSN* by Leo J. Shapiro & Associates, Chicago. A total of 299 store managers from such chains as K mart, Wal-Mart, Zayre and Target were polled in the nationally projectable study.

They cited advertising exposure, product quality and consumer trust and demand as reasons for the increased role of national brands in their stores. Managers in both traditional and upscale-format chains said more of their store inventories are being converted to national label goods.

Reflecting on inventory changes made in the past year, 54% of the managers polled said that national label assortments had increased during the past 12 months. Responses showed additions were made most often in the ladies' apparel, health & beauty aids and housewares departments.

However, neither that activity nor manager perceptions throughout the survey are uniform. They vary according to store location, size, volume and product category.

On an overall basis, the trend to add national brands was stronger among traditional-for-mat discounters than among upscale chains. The upscalers, it appears, are closer to where they want to be in brand-name representation than the conventional chains.

That difference was most marked between individual chains such as K mart and Target, for example. Nine out of 10 K mart store managers polled said they carried more branded merchandise today than a year ago. At upscaler Target, 35% of managers polled said the same.

National label assortments also grew more heavily at stores in the 60,000-100,000-sq.-ft. and 100,000-plus-sq.-ft. size ranges than in smaller formats.

Likewise, store managers whose annual volume falls within the $5 million-$8 million and $10 million-$14 million ranges reported the most growth in branded assortment.

National labels grew heaviest this year in housewares, ladies' apparel and H&BA, revealed *DSN*'s Top Brands Study. At Murphy's Mart, Robinson Township, Pa., housewares brands listed overhead lure shoppers. *(DSN photo)*

TOP BRANDS ANALYSIS

National Survey Reveals Store Managers' Top Brands

Automotive	Children's Apparel	Consumer Electronics	Cosmetics
Quaker State	Garanimals	Commodore	Maybelline
Pennzoil	Garan	Atari	Revlon
STP	Lee	General Electric	Cover Girl
Prestone	Curity	Panasonic	Max Factor
Champion	Wrangler	Soundesign	Aziza
Domestics	**Food/Candy/Snacks**	**Hardware**	**H&BA**
Cannon	M&M	Stanley	Procter & Gamble
St. Mary's	Hershey	Black & Decker	Johnson & Johnson
J. P. Stevens	Mars	General Electric	Crest
Pepperell/West Point	Planters	Glidden	Clairol
Fieldcrest	Brach's	Hirsh	Revlon
Housewares	**Ladies' Apparel**	**Men's Apparel**	**Personal Care**
Rubbermaid	Lee	Wrangler	General Electric
Corning	Wrangler	Lee	Conair
General Electric	Chic	Levi's	Clairol
Corelle	Levi's	Fruit of the Loom	Norelco
Ekco	Jordache	McGregor	Vidal Sassoon
Photo/Camera	**Sporting Goods**	**Stationery**	**Toys**
Kodak	Coleman	Mead	Fisher-Price
Polaroid	Wilson	Bic	Mattel
Canon	Spalding	Papermate	Coleco
Minolta	Zebco	American Greetings	Playskool
Pentax	Remington	Parker	Kenner

Leading brands in 16 merchandise categories were named by store managers nationwide, in a poll conducted for *DSN* by Leo J. Shapiro & Associates.

Discounters Keep Adding Name Brands in Force

Nationwide DSN Report

Discounters across the country continued to add nationally branded merchandise at a strong pace in 1984, particularly in 15 of 16 key departments.

Ladies' apparel, health & beauty aids and housewares chalked up the biggest gains in the number of brands carried this year by the nation's discounters, with men's apparel a stitch behind.

These are among the findings in *DSN*'s second annual Top Brands Study, conducted by Leo J. Shapiro & Associates, a Chicago-based market research firm. Pollsters interviewed 299 discount store managers on their perception of each department's brand name growth in the nationally projectable study.

Apparel's placement at the head of the list was somewhat predictable, in view of many chains' efforts to strengthen assortments in this high-image, high-margin department. Comparatively, most hard lines departments have a mature mix of brands.

However, the emergence of housewares as a brand presence leader reflects chain attempts to upgrade assortments, boost margins and improve the fashion image of the department.

Traditional brands maintained their perceived leading positions in the housewares department. But, at the same time, managers at both traditional and upscale discount chains said housewares was an area where new brand entries are on the rise. Some 22% of traditional store managers polled, and 21% of upscalers, agreed that national label penetration was increasing.

Similarly balanced perceptions were apparent in ladies' apparel, where 23% of traditional managers reported increases in the number of brands carried, compared with 21% of upscalers.

That spread widened, however, in men's apparel. Fewer than 1 traditional store manager in 5—19%—reported gains in brand assortment, compared with 27% of upscalers polled.

Upscalers also exceeded traditional discount store managers by a wide margin when naming H&BA as a department where brand assortment is up. More than 1 upscaler in 3—34%—cited H&BA brand growth this year, compared with 19% of traditional store managers.

Domestics and hardware were the only other two departments to experience significant name brand growth.

More than 10% of all the discount store managers polled cited these as areas where brands are on the rise.

Eleven per cent of all managers polled cited domestics, including 11% of traditional managers and 8% of upscalers.

Where Name Brands Are Growing

Department	All Discounters	Conventional Discounters	Upscale Discounters
Ladies' Apparel	22%	23%	21%
Health & Beauty Aids	22	19	34
Housewares	22	22	21
Men's Apparel	21	19	27
Domestics	11	11	8
Hardware	10	12	4
Sporting Goods	8	7	12
Consumer Electronics	7	6	10
Children's Apparel	5	5	8
Automotive	4	5	—

National labels made their greatest inroads this year in housewares, ladies' apparel and H&BA, according to a *DSN* survey of store managers. Of those polled, 22% said branded stocks grew in these areas more than in any other department.

Source: DSN/*Leo J. Shapiro & Associates*

Why National Brands Are Expected To Spur Stores More Than PL

Of the store managers polled, 70% said national brands will contribute more to store growth than store labels. These are the major reasons why:

Brands	All Discounters	Conventional Discounters	Upscale Discounters
Advertising/TV exposure	27%	27%	30%
Consumers trust them	26	28	17
It's what shoppers want	20	19	21
Quality	9	10	9
Carry name brands only	8	10	2
Brings customers into the store	7	7	5

Source: DSN/*Leo J. Shapiro & Associates*

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New Items Spur Strong Brand Growth

Health & beauty aids brands are on the rise, say store managers.

Nearly a quarter of those polled reported an increase in the number of H&BA brands in their stores this year. Much of that growth came from new products.

Shampoo introductions alone reached a record high this year. Pump dispensers opened a whole new segment in toothpastes, and a new hair care item, styling mousse, prompted offerings from numerous manufacturers. In addition, more cold remedies were shifted from prescription to over-the-counter (OTC) standing, landing new brands on discounters' shelves for the first time.

Name brand proliferation also comes from a case of dual identity: H&BA products are recognized by their brand names, other times by the manufacturers' names.

Take Procter & Gamble, the most often cited name in *DSN*'s Top Brands survey. Although a third of the store managers polled tagged P&G a best-selling H&BA brand, it is really the name of the parent company that owns several brands, including Crest toothpaste and Head & Shoulders shampoo.

Another Perspective

Apparently store managers haven't drawn the line between brand name and supplier name in this category. Responses indicate both names are familiar enough to factor into a products popularity.

Johnson & Johnson, named second most often, is more of a hybrid case. In baby shampoo, oil, powder and Band-Aids, the J&J name is on the label as a brand. But the company also owns Affinity—a brand of shampoo that debuted this year. The J&J name was mentioned second most often by all managers—27% of the time.

Crest, P&G's toothpaste brand, was named by 25% of the store managers surveyed, making it No. 3 on the list. The only other toothpaste brand listed, Colgate, was named sixth most often or 15% of the time.

Clairol, a hair care brand

(Continued on page 21)

Health & Beauty Aids

Top Brands Vary by Type of Outlet

Brands	All Discounters	Conventional Discounters	Upscale Discounters
Procter & Gamble	33%	29%	51%
Johnson & Johnson	27	28	24
Crest	25	27	18
Clairol	19	21	9
Revlon	16	18	6
Colgate	15	15	17
Listerine	13	13	16
Head & Shoulders	7	9	—
L'Oreal	6	4	11
Vidal Sassoon	5	5	9

Source: DSN/Leo J. Shapiro & Associates

How Industry's Top 5 Fare at Chains

Brands	K mart	Wal-Mart	Zayre	Target
Procter & Gamble	32%	19%	26%	48%
Johnson & Johnson	27	19	51	28
Crest	21	34	30	13
Clairol	33	8	20	10
Revlon	12	19	13	4

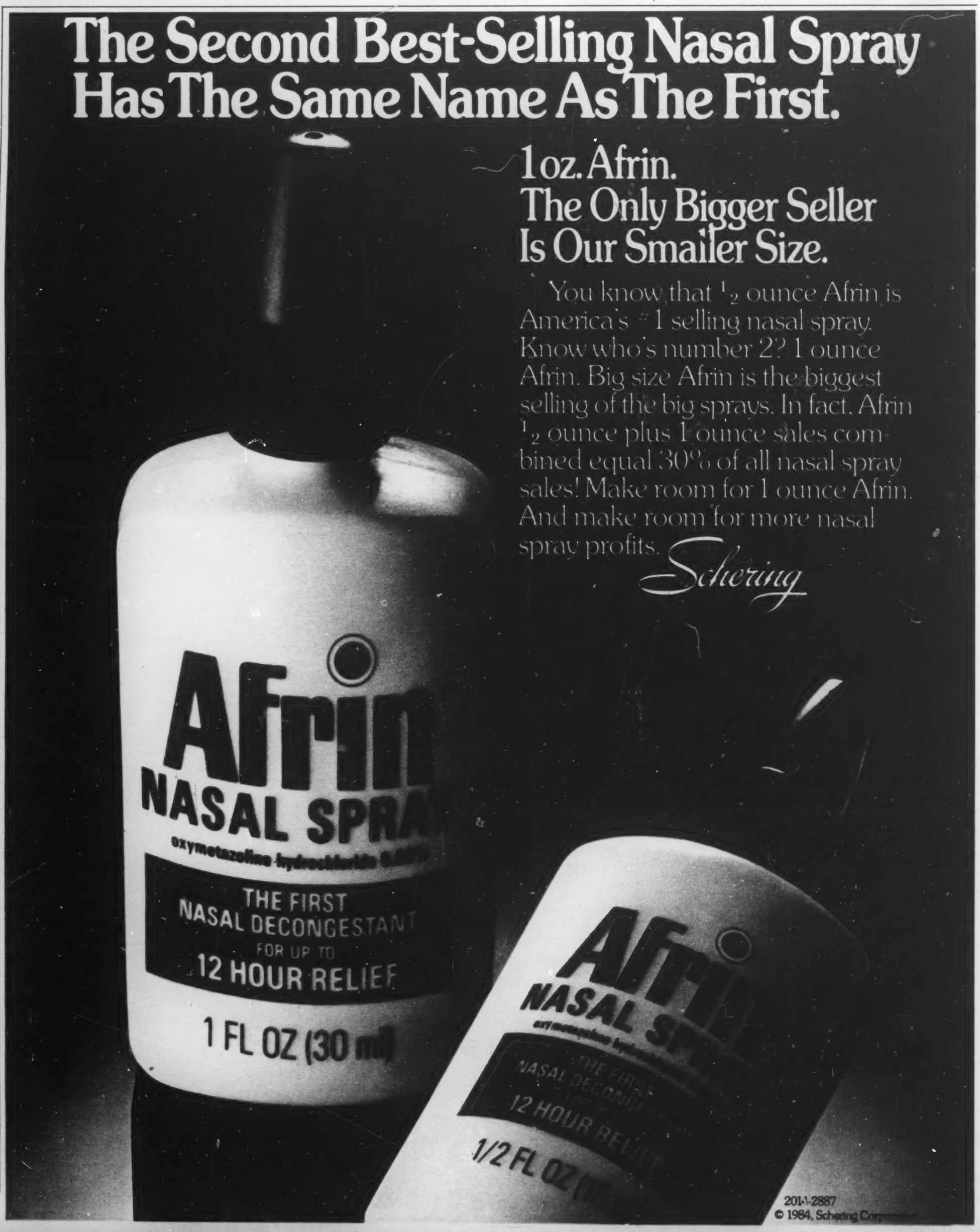
Source: DSN/Leo J. Shapiro & Associates

Growth Regions

- Northeast: 11%
- South: 25%
- North Central: 22%
- West: 27%

In health & beauty aids, the most discount store managers citing an increase in the number of brands carried (1984 vs. 1983) were in the West—27%.

Source: DSN/Leo J. Shapiro & Associates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New entries in hair care, shown in Zayre, Medford, Mass., as well as in other health & beauty aids categories, contributed to the increase in H&BA brands reported by 23% of the store managers polled. *(DSN photo)*

Health & Beauty Aids

Top Brands' Performance by Region

Brands	Northeast	South	North Central	West
Procter & Gamble	26%	30%	44%	27%
J&J	24	28	23	35
Crest	27	23	24	28
Clairol	15	19	23	16
Revlon	22	15	12	16
Colgate	17	17	12	14
Listerine	11	10	9	27
Head & Shoulders	11	2	5	15
L'Oreal	1	8	9	—
Vidal Sassoon	4	1	5	14

Source: DSN/*Leo J. Shapiro & Associates*

H&BA

(Continued from page 19)

name, is the fourth most often mentioned H&BA top seller. The brand was named by 19% of all those managers polled. However, the breakout shows that while 21% of those at conventional chains cited Clairol, only 9% of those at upscale discount chains mentioned the brand.

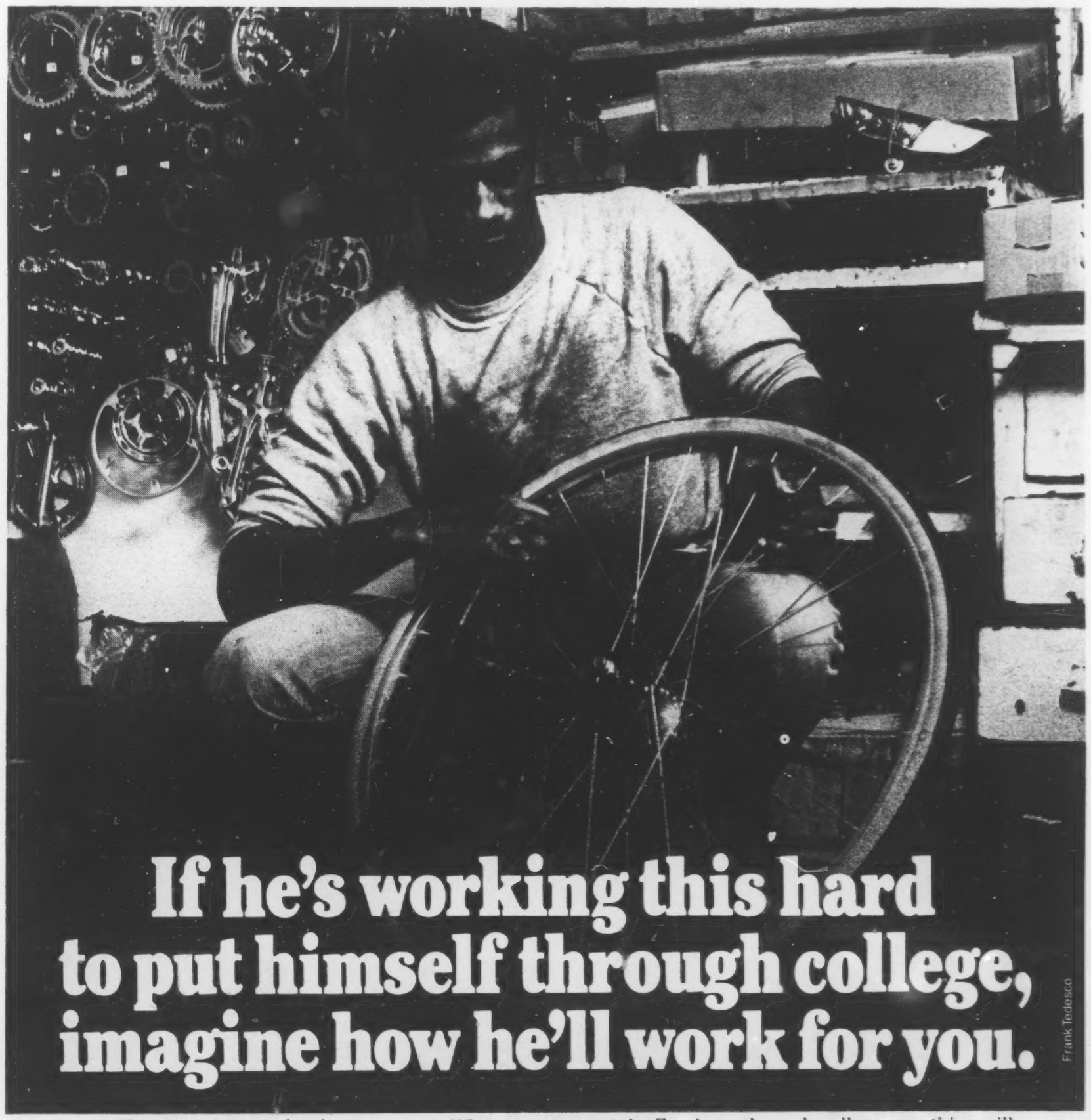
Revlon, another company/brand name hybrid, was No. 5 with mentions from 16% of all store managers. The Revlon name is associated with the Flex line of shampoo and conditioner, a new HDR shampoo/conditioner line and European Collagen skin care. The brand's popularity was strongest among managers at conventional chains: 18% tagged Revlon a top seller vs. 6% of the managers at upscale chains.

Listerine, the only mouthwash brand to make the top 10 list, was named by 13% of all managers polled.

The final three brands listed were all hair care names. Both Head & Shoulders and Vidal Sassoon are strictly shampoo/conditioner names. L'Oreal, however, is associated with hair color, shampoo and conditioner as well as this year's hot new item, styling mousse.

The breakout of responses gathered at four major chains revealed some dfferences in which brands were mentioned most often. At Zayre, J&J was named more often then P&G—51% vs. 26%. At that chain Crest, (with 30%) was also mentioned more often than P&G.

At Wal-Mart, the Crest brand name was cited the most often—by 34% of the managers polled. Three brands were tied for the second-most mentions at the chain with 19% each: P&G, J&J and Revlon.



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